

ORIGINAL
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A Professional Limited Liability Company

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October 2, 2006

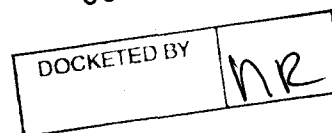
Via Overnight Mail

Docket Control
Arizona Corporation Commission
Utilities Division
1200 W. Washington St.
Phoenix, AZ 85007

Arizona Corporation Commission
DOCKETED

OCT -3 2006

RE: Docket No. T-20404A-05-0599
Vanco Direct USA,LLC



Dear Sir or Madam:

Please find enclosed an original and nine (9) copies of the Responses to Staff's First Set of Data Requests in the above matter.

An additional copy of this letter has been enclosed to be date stamped and returned in the envelope provided as evidence of the filing.

Should you require any additional information, please do not hesitate to contact me.

Sincerely,

Becky Heggelund

/bh

AZ CORP COMMISSION
DOCUMENT CONTROL

2006 OCT -3 1 P 4: 25

RECEIVED

Responses to Staff's First Set of Data Requests
By VANCO DIRECT USA, LLC
DOCKET NO. T-20404A-05-0599

1. The maximum rates listed in the company's tariff were approximately 50 % higher than the company's current actual rates as set forth in the Current Price List. No minimum rates were listed in the tariff.
2. The rates charged by the company are reasonable using a competitive market analysis. Using the rates of resellers offering comparable service in Arizona, Vanco's rates were average to low in comparison. Competitor tariff rate pages are attached as Exhibit A.
3. The rates charged by Vanco are just and reasonable using a fair value or cost basis since the rates charged are sufficiently above the Company's costs for the service to enable the company to operate on a profitable basis, without being so high as to eliminate the Company from being viable in a competitive market. No supporting materials are available.
4. See Exhibit B.
5. See Exhibit C.
6. Vanco intends on offering service in the State in which it has been granted authority within 120 to 180 days of receiving authority.
7. Vanco will be offering service to business and carrier customers only, and does not intend to provide service to residential customers.

Exhibit A

SBC Long Distance, LLC
d/b/a SBC Long Distance
d/b/a AT&T Long Distance
Issued: April 11, 2006

A.C.C. Price List No. 12
Original Page 1

Effective: May 11, 2006

Interexchange Service

PRICE LIST- PRIVATE LINE SERVICES RATES AND CHARGES

1.1 DS1 Service¹

1.1.1 Non-Channelized

(A) Installation and Ancillary/Administrative Charges

Rate Element	Charge Per DS1				
	Out of Term	1 Year Term Plan	2 Year Term Plan	3 Year Term Plan	5 Year Term Plan
Installation Charge	\$1,000	\$700	\$700	\$500	\$0
Service Order Change Charge	\$325	\$325	\$325	\$325	\$325
Service Order Cancellation Charge	\$500	\$500	\$500	\$500	\$500

¹ This Service is no longer available to new Customers effective May 1, 2006.

Interexchange Service

PRICE LIST- PRIVATE LINE SERVICES RATES AND CHARGES

1.1 DS1 Service¹ (continued)

1.1.1 Non-Channelized (continued)

(B) Monthly Recurring Charge - Fixed

	Fixed Monthly Recurring Charges				
	Out of Term	1 Year Term Plan	2 Year Term Plan	3 Year Term Plan	5 Year Term Plan
Per Circuit	\$850	\$775	\$750	\$720	\$675

(C) Interoffice Channel Charge - Per Mile

The per mile interoffice Channel charge is as follows:

	Per Mile Charge				
	Out of Term	1 Year Term Plan	2 Year Term Plan	3 Year Term Plan	5 Year Term Plan
Per Mile	\$3.25	\$2.35	\$2.30	\$2.25	\$2.20

¹ This Service is no longer available to new Customers effective May 1, 2006.

SBC Long Distance, LLC
d/b/a SBC Long Distance
d/b/a AT&T Long Distance
Issued: April 11, 2006

A.C.C. Price List No. 12
Original Page 3

Effective: May 11, 2006

Interexchange Service

PRICE LIST- PRIVATE LINE SERVICES RATES AND CHARGES

1.2 DS3 Service¹

1.2.1 Non-Channelized

(A) Installation and Ancillary/Administrative Charges

Rate Element	Charge Per DS3			
	1 Year Term Plan	2 Year Term Plan	3 Year Term Plan	5 Year Term Plan
Installation Charge	\$1,600	\$1,600	\$1000	\$0
Service Order Change Charge	\$525	\$525	\$525	\$525
Service Order Cancellation Charge	\$1,000	\$1,000	\$1000	\$1000

¹ This Service is no longer available to new Customers effective May 1, 2006.

Effective: May 11, 2006

Interexchange Service

PRICE LIST- PRIVATE LINE SERVICES RATES AND CHARGES

1.2 DS3 Service¹ (continued)

1.2.1 Non-Channelized (continued)

(B) Monthly Recurring Charge - Fixed

	Fixed Monthly Recurring Charges			
	Year Term Plan	2 Year Term Plan	3 Year Term Plan	5 Year Term Plan
Per Circuit	\$7,000	\$6,000	\$4,750	\$3,500

(C) Interoffice Channel Charge - Per Mile

The per mile interoffice Channel charge is as follows:

	Per Mile Charge			
	1 Year Term Plan	2 Year Term Plan	3 Year Term Plan	5 Year Term Plan
Per mile	\$25.00	\$24.75	\$24.50	\$22.50

¹ This Service is no longer available to new Customers effective May 1, 2006.

Exhibit B

SECTION 4 - RATES AND CHARGES**4.7 Rates for Local Exchange Services****4.7.1 Business Rates**

	<u>Monthly Rate</u>	<u>Non Recurring</u>
A. Basic Business Line, per line	\$46.00	\$56.00
B. Business Local Usage, per line	\$0.00	\$0.00
C. Optional Features, per line		
Touch Tone	\$0.00	\$0.00
900/976 Blocking	\$0.00	\$15.00
International Blocking	\$0.00	\$15.00
Call Trace (per occurrence)	\$0.00	\$8.00
Toll Restriction	\$15.00	\$10.00
Per Line Caller ID Blocking	\$0.00	\$0.00

Issued:

Effective:

Ted Raffetto, CEO/Manager
1420 Kensington Road, Suite 103
Oak Brook, IL 60523

Exhibit C



Balance Sheet - Detail

Vanco Direct USA, LLC - USD

Period: JAN-06 currency USD

Submitted: 09-FEB-06 09:23:28

CO=020 (Vanco Direct USA, LLC)

	<i>Current Month</i>	<i>Prior Month</i>	<i>Incr/(Decr)</i>
ASSETS			
Current Assets			
Cash & Equivalents	1,001,207.00	2,647,355.00	(1,646,148.00)
Accounts Receivable	575,698.00	3,157,512.00	(2,581,813.00)
Intercompany Receivable	19,975,038.00	5,969,583.00	14,005,455.00
Prepaid Rent	46,738.00	47,092.00	(354.00)
Prepaid Insurance	47,355.00	44,070.00	3,285.00
Prepaid Services	550,371.00	221,260.00	329,111.00
Total Current Assets	22,196,408.00	12,086,872.00	10,109,536.00
Long Term Assets			
Restricted Cash	229,000.00	229,000.00	0.00
Leasehold Improvements	12,231.00	0.00	12,231.00
Other Property, Plant & Equipment	104,526.00	89,552.00	14,974.00
Security Deposits	104,240.00	104,240.00	0.00
Goodwill	17,747,981.00	17,747,981.00	0.00
Other Long-Term Assets	3,870,000.00	3,941,667.00	(71,667.00)
Total Long-Term Assets	22,067,978.00	22,112,440.00	(44,462.00)
Total Assets	44,264,386.00	34,199,312.00	10,065,074.00
LIABILITIES & STOCKHOLDER'S EQUITY			
Current Liabilities			
Accounts Payable	4,085,889.00	192,164.00	3,893,725.00
Intercompany Payable	21,538,087.00	21,866,284.00	(328,197.00)
Accrued Bonus	210,826.00	173,065.00	37,761.00
Other Accrued Expenses	2,296,946.00	4,016,419.00	(1,719,473.00)
Taxes Payable	1,099,893.00	608,298.00	491,594.00
Unearned Circuit & UTX Revenue	10,097,101.00	3,468,430.00	6,628,671.00
Unearned TQE Revenue	919,661.00	881,470.00	38,191.00
Other Current Liabilities	156,079.00	0.00	156,079.00
Total Current Liabilities	40,404,482.00	31,206,130.00	9,198,352.00
Long-Term Liabilities			
Stockholder's Equity			
Retained Earnings	1,858,905.00	992,182.00	866,722.00
Other Equity	2,001,000.00	2,001,000.00	0.00
Total Stockholder's Equity	3,859,905.00	2,993,182.00	866,722.00
Total Liabilities & Stockholder's Equity	44,264,386.00	34,199,312.00	10,065,074.00

Profit & Loss



Vanco Direct USA, LLC - USD
Period: JAN-06 currency USD
Submitted: 07-FEB-06 20:48:52

CO=020 (Vanco Direct USA, LLC)

<i>YTD</i>	
Total Revenue	22,481,704.00
Cost of Sales	15,023,233.00
Total Margin (\$)	7,458,471.00
Total Margin (%)	
Operating Expenses	
Operations & Administration	5,216,411.00
Amortization	430,000.00
Total Operating Expenses	5,646,411.00
Operating Income/(Loss)	1,812,059.00
Total Other (Income)/Expense	(46,845.00)
Net Income/(Loss)	1,858,904.00